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[Proposed Counsel] for the  
Official Committee of Equity Security Holders  
of USA Capital First Trust Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:	)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY	)	Chapter 11
Debtor.	)	
In re:	)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS,	)	Chapter 11
LLC,	)	
Debtor.	)	
In re:	)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST	)	Chapter 11
DEED FUND, LLC,	)	
Debtor	)	
In re:	)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED	)	Chapter 11
FUND, LLC,	)	
Debtor	)	
In re:	)	BK-S-06-10729-LBR
USA SECURITIES, LLC,	)	Chapter 11
Debtor	)	

Affects:

- ☐ All Debtors  
☒ USA Commercial Mortgage Co.  
☐ USA Securities, LLC  
☐ USA Capital Realty Advisors, LLC  
☐ USA Capital Diversified Trust Deed  
☐ USA First Trust Deed Fund, LLC

) LIMITED OPPOSITION TO THE  
 ) MOTION AUTHORIZING DEBTOR,  
 ) PURSUANT TO 11 U.S.C. §105 AND  
 ) §363(b)(1), TO ACCEPT LOAN  
 ) PAYMENT PROCEEDS AND PROVIDE  
 ) PARTIAL RELEASES OR FULL  
 ) RELEASES IN CONNECTION WITH  
 ) THE SALE OF PROPERTIES  
 ) SECURING LOANS ORIGINATED BY  
 ) THE DEBTOR TO THIRD PARTY  
 ) BORROWERS, AND TO RATIFY  
 ) PARTIAL RELEASES ETC.  
 ) [APPLIES TO USA COMMERCIAL  
 ) MORTGAGE CO]

) Date: May 18, 2006  
 ) Time: 9:30 a.m.  
 ) Place: Foley Federal Bldg.  
 ) 300 Las Vegas Blvd. S.  
 ) Las Vegas, NV 89101

**TO THE HONORABLE LINDA B. RIEGLE, UNITED STATES BANKRUPTCY JUDGE:**

In response to the "Motion Authorizing Debtor, Pursuant To 11 U.S.C. §105 And §363(b)(1), To Accept Loan Payment Proceeds And Provide Partial Releases Or Full Releases In Connection With The Sale Of Properties Securing Loans Originated By The Debtor To Third Party Borrowers, And To Ratify Partial Releases Previously Provided By The Debtor" (the "Release Motion")<sup>1</sup>, filed by USA Commercial Mortgage Company ("USACM" or "Debtor"), on behalf of itself, the Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "First Trust Deed Committee"), hereby files this limited opposition ("Limited Opposition") and states as follows:

Pursuant to the Partial Release Motion, USACM seeks Court authority to provide partial releases or full releases in connection with the sale to bona fide purchasers of properties

<sup>1</sup> Terms not otherwise defined herein shall have the same meanings ascribed to them in the Release Motion.

1 that now secure the loans that USACM services (the "USA Loans").<sup>2</sup>  
2 Many of the USA Loans are junior to the loans made by another  
3 lender that has a first priority lien against the property that  
4 also secures the USA Loans. While USACM identifies the amount  
5 outstanding to these first priority lenders, the Release Motion  
6 does not state when USACM anticipates that these first priority  
7 loans will be paid in full such that sale proceeds will be then be  
8 available to re-pay the USA Loans.

9           The First Trust Deed Committee needs certainty that the  
10 funds generated from these property sales are being actually  
11 collected by the Debtors and properly accounted for among the  
12 loans and the loan participants. Also, USACM must be charged with  
13 closely monitoring the distribution of proceeds from the sales of  
14 properties with prior lienholders to ensure that when the  
15 obligations to the first priority lenders are satisfied, that the  
16 balance of the collections are distributed to the Debtors. To  
17 ensure that USACM carefully monitors the distribution of these  
18 proceeds, the First Trust Deed Committee requests that USACM be  
19 required to report monthly to the Court the following: (i) the  
20 sale proceeds that USACM actually received in connection with the  
21 proposed sales and an accounting for such funds on a per loan  
22 basis; and (ii) the sale proceeds that were distributed to any  
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24 <sup>2</sup> While USACM services the USA Loans, it is not the beneficial  
25 interest holder of such loans. As described in the Release  
26 Motion, the USA Loans were funded either directly by investors  
27 who have fractional interests in loans or indirectly by other  
28 investors who bought membership interests in two of USACM's  
affiliates, the Diversified Trust Deed Fund and First Trust  
Deed Fund, which in turn funded such loans. As USACM failed to  
delineate who has a beneficial interest in the USA Loans  
described in the Release Motion, the First Trust Deed Fund is  
likely to have such a beneficial interest.

